

**Amendment No. 10 to SB0349**

**Fowler**  
**Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill No. 349\***

**House Bill No. 1781**

by adding the following language as a new, appropriately numbered section:

**Section \_\_\_\_.**

(a) Effective July 1, 2002, there is created the Tax Structure Study Commission, as an independent entity of state government.

(b) The commission shall be composed of fifteen (15) Tennesseans as follows:

(1) A chair who shall be appointed by the governor and who shall not be affiliated with any organization, association or entity specified within this subsection;

(2) One member, representing the general interests of county government, who shall be appointed by the speaker of the senate following consultation with the county services association;

(3) One member, representing the general interests of municipal government, who shall be appointed by the speaker of the house of representatives following consultation with the Tennessee municipal league;

(4) One member, representing the general interests of Tennessee's business community, who shall be appointed by the speaker of the senate following consultation with the Tennessee association of business;

(5) One member, representing the general interests of Tennessee's agricultural sector, who shall be appointed by the speaker of the house of representatives following consultation with the Tennessee farm bureau;

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(6) One member, representing the general interests of Tennessee's banking and financial services industry, who shall be appointed by the speaker of the senate following consultation with the Tennessee bankers association;

(7) One member, representing the overall interests of the various chambers of commerce, who shall be appointed by the governor following review of a list of five (5) nominees: one of whom shall be submitted by the Knoxville chamber of commerce, one of whom shall be submitted by the Chattanooga chamber of commerce, one of whom shall be submitted by the Nashville chamber of commerce, one of whom shall be submitted by the Black Business Chamber of Memphis and one of whom shall be submitted by the Memphis chamber of commerce;

(8) One member, representing the general interests of organized labor in Tennessee, who shall be appointed by the speaker of the senate following consultation with the Tennessee AFL-CIO labor council;

(9) One member, representing the general interests of Tennessee's families and children, who shall be appointed by the speaker of the house of representatives following consultation with the Tennessee conference of social welfare;

(10) One member, representing the general interests of Tennessee's elderly citizens, who shall be appointed by the governor following consultation with the American association of retired persons;

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(11) One member, who is a knowledgeable and experienced tax attorney, who shall be appointed by the speaker of the senate following consultation with the Tennessee bar association;

(12) One member, who is a knowledgeable and experienced accountant, who shall be appointed by the governor following consultation with the Tennessee association of certified public accountants;

(13) One member, representing the overall interests of the various segments of Tennessee's health care industry, who shall be appointed by the speaker of the house following review of a list of four (4) nominees: one of whom shall be submitted by the Tennessee hospital association, one of whom shall be submitted by the hospital alliance of Tennessee, one of whom shall be submitted by the Tennessee medical association and one of whom shall be submitted by the Tennessee health care association;

(14) One member, representing the general interests of the Tennessee's insurance industry, who shall be appointed by the speaker of the house following consultation with the association of Tennessee life insurance companies; and

(15) One member, representing the general interests of state employees, to be appointed by the governor following consultation with the Tennessee state employees association.

(c) The commission shall also consist of five (5) non-voting members as follows:

(1) One professor from the University of Tennessee at Knoxville, who shall be designated by the dean of the school of business;

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(2) One professor from Vanderbilt University, who shall be selected by the dean of the school of business;

(3) One professor from Tennessee State University, who shall be selected by the dean of the school of business;

(4) One professor from the University of Memphis, who shall be selected by the dean of the school of business; and

(5) One professor from Middle Tennessee State University, who shall be selected by the dean of the school of business.

(d) **If** a vacancy occurs in commission membership for any reason, **then** the vacancy shall be filled in the same manner as the initial appointment for such vacant position. The compensation of commission members shall be a per diem allowance and mileage allowance in such amounts as may prevail, during the existence of the commission, for members of the general assembly, which shall be paid by the state in the same manner that members of the general assembly are paid, upon certification by the chair the commission.

(e) Subject to the availability of funding specifically appropriated for such purpose, the commission shall employ an executive director. Subject to the availability of funding specifically appropriated for such purpose, the executive director shall employ commission staff including, but not necessarily limited to, one staff attorney, one research analyst and one administrative/clerical assistant. The commission is authorized call upon the various officers, agencies and entities of state government for additional assistance.

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(f)

(1) The commission shall perform a comprehensive study of the tax structure in Tennessee. The study shall include state taxes, local taxes, special district taxes and state-shared taxes. The commission shall study the elasticity of the current tax structure, the effect of e-commerce upon the current tax structure, the method of allocation of state tax revenue, the effect of allocation of tax revenue based on situs-of-collection, current distribution formulas for tax revenue, special allocations of tax revenue based on population or tourism-related special treatment and the deductibility of state and local taxes from federal taxes. The commission shall also study issues pertaining to exportability and federal deductibility of Tennessee's state and local taxes. The commission shall also study taxes on beer, liquor, wine and cigarettes. The commission shall examine, compare and evaluate the impact and potential impact of various taxes upon the state's business climate and economic competitiveness.

(2) The commission shall study issues pertaining to retaliatory taxes and shall determine if Tennessee tax rates should be tied to average tax rates subject to retaliation. Business taxes shall be studied to determine if taxes in Tennessee are comparable to surrounding states, whether or not business activity is fairly taxed and whether the business tax structure in Tennessee should be revised due to the shift in the economy from manufacturing industry to service industries. The franchise and excise tax shall be studied to determine if consolidated filing should be required and if current allocation formulas fairly apportion income and

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losses. The business tax structure shall also be studied to determine the extent, if any, to which the form of a business entity should be a factor in determining whether such business entity pays state taxes. The commission shall also examine the effect of tax structure and rates on tax leakage to the states surrounding Tennessee.

(3) The commission is charged with performing a comprehensive study of the entire system of taxation in Tennessee, as well as evaluating such system as to its soundness, fairness, equity, and deductibility for all Tennesseans, and, if deemed necessary, with recommending changes to the tax code in order to encourage and enhance such soundness, fairness, equity and adequacy.

(4) It is the duty and responsibility of the commission to become fully informed and knowledgeable on all matters pertaining state and local taxation and to aid, assist and advise the governor and the general assembly on all matters pertaining to the development of a tax structure that is sound, fair, equitable and adequate.

(g)

(1) On or before the second Tuesday in January 2003 and again on or before the second Tuesday in January 2004, the commission shall publish an interim report of its activities, findings, recommendations and any proposed legislation. A copy of each such report shall be delivered to the governor, to the speaker of the senate and to the speaker of the house of representatives.

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(2) On or before September 7, 2004 the commission shall publish a final report of its activities, findings, recommendations and any proposed legislation.

A copy of the final report shall be delivered to the governor, to the speaker of the senate and to the speaker of the house of representatives.

(h) The commission shall terminate and cease to exist upon final adjournment of the constitutional convention or on the second Tuesday in January 2005, whichever shall first occur.